

# A dog's race against time

by Leslie Peterson

**T**he stakes are high, and the clock is ticking. Those are the realities that members of Western's financial community face daily. They are also realities Western as a whole faces. It's the pressing need to reconcile our Fiscal Year 1999 and 2000 financial records so they can be audited—and the implications are enormous.

The push to complete this task, dubbed "Big Dog" by Western's financial community, has been like a marathon. "For the FY 99 data, we've got all the pieces together, and we're leaning into the ribbon at the end of the course. Our goal is to get unqualified opinions (see related story) for both years," said **Bob Flores**, Western's compliance and liaison manager and Big Dog project manager.

## Who needs audited financials?

Western does. Audited financial statements with favorable, independent opinions are critical for conducting business. They demonstrate our credibility. We need them to accurately calcu-

late our repayment on Federal investments, which, in turn, affects the rates we charge customers. Even more importantly, they're essential for defending our budget requests.

How did we end up with no audited figures for FY 1999? Our conversion to the Business Information Decision Support System has been a bumpy one (see stories on pages 3-4). The system was unstable. We had difficulty closing year-ending books. We had to do intensive testing to

ensure there were no Y2K problems. The end result? No reconciled financials to audit—a big reason financial statements were omitted from this year's Annual Report, requiring it to be renamed the FY 1999 Operations Summary.

## Enter Big Dog


BMX is now stable enough for Western to shift its focus to reconciling financial data so it can be audited. "That's what the Big Dog project's all about," pointed out Flores. "A lot of folks have been putting in long hours to reconcile our budgetary and proprietary accounts so the auditors can examine them and provide an opinion."

On July 31, KGMP auditors took up "residence" at the CSO and began working on the FY 1999 audit, which should be completed by September. "We still have a few pockets of data we need to work through with the auditors, but in essence we have FY 1999 data and are waiting on the auditors field work," said Flores.

Next the auditors will turn their attention to FY 2000 data. They hope to begin by November and complete audit work the first week of January 2001. "We're compressing two separate audits into a six-month period. It's tight, but doable," commented Tom Auger, KGMP audit staff member. "Now that we're working through the FY 1999 data, the FY 2000 audit should be easier," he added.

## Political implications

Completing the audits by February 2001 is critical. "If the Administrator has to testify to Congress that we don't have an audited financial statement for a second year, we will lose all credibility," said **Byron Nielson**, acting chief financial officer. "Politically, that would be suicide. There is always an element in Congress that would like to eliminate or privatize the power marketing administrations. We don't need to fuel those embers."

And how does the Administrator see it? "Successfully completing the Big Dog project is Western's highest priority. I'm pleased with the way the financial and IT communities across Western have pulled together, said Administrator **Mike Hackaylo**. "But the bottom line is, Western must have a clean, unqualified audit opinion. Our future as an agency depends on it." 

## Why 'Big Dog?'

"It's simple. I could have named it Project B, since the limited, December audit was called Project A. But I wanted something more attention-getting; something that underscored the gravity, scope and urgency of the project. And nothing gets your attention like a big dog right in your face."

—**Bob Flores**

## It's a matter of opinion

When conducting an audit, one of four opinions can be reached. On a scale of unsatisfactory to good, they include:

**Disclaimer opinion**—The financial data is in such poor condition that the auditing firm will not entertain conducting an audit.

**Adverse opinion**—The financial data is adequate to conduct an audit, but auditors find the data doesn't meet normal financial accounting standards.

**Qualified opinion**—The financial data meets accounting standard in all areas, with certain qualified exceptions.

**Unqualified opinion**—The financial data meets all accounting standards with no qualifications.

Since 1991 Western has consistently received unqualified opinions on our financial audits. That continues to be our goal for the FY 1999 and 2000 audits.